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aHD1491
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United States
Department of
Agriculture

Agricultural
Cooperative
Service

ACS
Research Report
Number 16

COPY
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Status of Bargaining Cooperatives



Abstract

Status of Bargaining Cooperatives. Gilbert W. Biggs, Cooperative Marketing and Purchasing Division, Agricultural Cooperative Service, U.S. Department of Agriculture, ACS Research Report No. 16.

This study portrays the current status of fruit, vegetable, and sugarbeet bargaining associations in the United States. It indicates the number of associations negotiating, number of members, physical and dollar volumes of negotiated commodities, methods of financing operations, trends in aforementioned factors, and bargaining procedures. Thirty-four of 75 bargaining associations successfully negotiated contracts with processors in 1978. They included 11 fruit, 14 vegetable, 5 potato, and 4 sugarbeet associations. The 34 associations negotiated for 27,000 members producing 28 million tons valued at \$1.3 billion. Total dollar volume included sugarbeets, \$488 million; vegetables, \$331 million; fruits, \$300 million; and potatoes, \$228 million.

Key Words: cooperative bargaining, fruits, vegetables, potatoes, sugarbeets, bargaining procedures, negotiating parties, trends, membership, value of products, number of associations, methods of financing

Preface

This study is an outgrowth of a request by the National Committee of Cooperative Bargaining and Marketing Associations for basic data on bargaining activities. In addition to grower group concern, public officials have also expressed greater interest in agricultural bargaining as a method of helping growers counterbalance the bargaining power of processors.

Congressional hearings on the National Agricultural Bargaining Bill of 1979 revealed a need for basic data on bargaining activities. This led to a desire for more accurate information on the extent of bargaining in the United States and possible implications of this legislation.

The report reviews the status and scope of cooperative bargaining in the United States, including such factors as numbers of associations and members; commodities bargained, including physical units and dollar values; methods of financing operations; bargaining procedures; and trends in bargaining.

One main objective was to determine how many associations actually engaged in successful negotiations—those producing contracts—over price and terms of trade.

Thirty-four of all known bargaining groups successfully negotiated contracts in 1978. They included 11 fruit, 14 vegetable, 5 potato, and 4 sugarbeet associations.

Special acknowledgment is due managers of bargaining associations, without whose help this study would not have been possible, and former ACS staff members whose studies made possible the section on trends in cooperative bargaining.

Finally, special acknowledgment is due coworkers Martin A. Blum and Fred E. Hulse for review of the original draft and helpful suggestions.

Highlights

Thirty-four of 75 cooperative bargaining associations negotiated contracts with processors in 1978. These included 11 fruit, 14 vegetable, 5 potato, and 4 sugarbeet associations.

Most negotiating associations were on the Pacific coast, where production for processing is greatest. Three-quarters of Pacific coast associations negotiated, compared with about one-third in the Central States and States east of the Mississippi River.

The 34 associations negotiated for 27,000 members producing 28 million tons of products valued at \$1.3 billion in 1978. Sugarbeet volume ranked first; vegetables, second; fruit, third; and potatoes, fourth.

Eleven fruit products and one nut product were negotiated in 1978. Share of U.S. processed tonnage negotiated varied from 62 percent for apricots to less than 1 percent for grapes. Sixty-five percent of U. S. filbert tonnage was negotiated.

Seventeen vegetable products and sugarbeets were negotiated in 1978. Share of total crop negotiated varied from 61 percent for tomatoes to less than 1 percent for popcorn. Seventy-two percent of sugarbeet tonnage was negotiated.

Sixteen associations reported processing cooperatives in their bargaining areas. Twelve of them shared members with the processors. Only 3 of the 16 associations believed these processing cooperatives affected their bargaining strategies.

Thirteen associations considered the highest possible price most important in the bargaining process; 11, best terms of trade; 6, a reasonable price that would move the crop; and 4, both highest possible price and best terms of trade.

Boards of directors decided issues to be negotiated in 22 associations, the membership in 10, and a committee in 2.

Producer committees negotiated with processors for 20 associations; cooperative managers, for 7; and boards of directors, for 6. One association hired a special negotiator.

From 1954 to 1978, the number of fruit and vegetable bargaining associations increased from 17 to 71 and number of associations negotiating, from 9 to 30. In the Central States, the number of associations increased eight times, while that of negotiating associations increased three times. In the Mountain States, the number of associations increased eight times, while that of negotiating associations increased four times. On the Pacific Coast, the number of associations increased 2-1/2 times, while the number of negotiating associations increased 4-1/2 times.

Membership in U.S. fruit and vegetable bargaining associations declined 6 percent from 1954 to 1978; however, value of products negotiated increased 24 times. In the Central States, membership declined 25 percent, but value of products negotiated increased 70 times. In the Mountain States, membership declined 50 percent, while value of products increased 43 times. On the Pacific coast, membership doubled, while value of products increased 21 times.

Bargaining associations receive revenues from any one or a combination of checkoffs, service charges to processors, annual dues, and membership fees. Three in five fruit, most vegetable, and all sugarbeet associations used checkoffs in the 1957-78 period. Service charges were used by two of five fruit associations.

The average checkoff was \$1.44 per ton for fruit associations and \$0.13 per ton for vegetable associations in 1978. Fruit associations using a checkoff based on a percentage of value averaged 1.3 percent compared with 0.8 percent for vegetable associations.

A producer committee was designated as the negotiating party by 20 of 34 negotiating associations in 1978, compared with 15 of 34 in 1971. The association manager negotiated for 7 associations in 1978, compared with 13 in 1971. Boards of directors negotiated for six associations in both 1978 and 1971. One association used a hired negotiator in 1978, but none was used in 1971. Vegetable associations were responsible for the increase in negotiating by producer committees.

Most bargaining associations engaged in activities other than negotiating for price and terms of trade, including keeping growers informed about their particular industries and representing growers' interests. During the 1957-78 period, information collection ranked first; publishing a newsletter, second; and providing funds for research, third.

Contents

Current Status	1
Number of Associations	1
Geographical Location.....	2
Membership, Quantity, and Value of Products	2
Share of U.S. Processed Products Negotiated in 1978.....	3
Non-negotiating Processors.....	3
Effects of Processing Cooperatives on Association	
Bargaining Strategies	4
Price and Other Terms of Trade	4
 Bargaining Procedures	5
Procedures Before Negotiations.....	5
Procedures During Negotiations.....	6
 Trends in Bargaining Associations	7
Number of Associations	7
Membership and Value of Products Negotiated.....	7
Methods of Financing Operations	7
Negotiating Parties.....	9
Other Activities	9
 Appendix tables	10

Status of Bargaining Cooperatives

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This study focuses on cooperative bargaining in the fruit, vegetable, and sugarbeet industries. Rather than having facilities or physically handling the product, fruit, vegetable, and sugarbeet bargaining cooperatives concentrate on negotiating for price and other terms of trade involved in selling producer-members' raw products to processors. The objective of cooperative bargaining is to obtain the highest return consistent with current and prospective economic conditions and the long-run welfare of grower-members.

CURRENT STATUS

Processors of fruit and vegetables are becoming fewer, larger, and more specialized, and their operations have become more capital intensive.

They have become more specific in their requirements for product quantity, quality, and delivery terms. Also, there is more use of forward contracts and other coordinating arrangements. The trend is toward tighter coordination of production and marketing activities similar to those of more complex industrial operations.

Concentration in the processing industry, coupled with integration of production-marketing functions, has impacted on market structure. As a result, individual farmers find themselves at a competitive disadvantage. One response has been to form bargaining cooperatives to help counterbalance the economic power of processors.

Number of Associations

Thirty-four of 75 cooperative bargaining associations contacted successfully negotiated contracts with processors or handlers in 1978 (table 1). Forty-one of the associations did not successfully negotiate contracts.

Ten of 12 fruit, 10 of 16 vegetable, 4 of 5 sugarbeet, and all 5 potato associations negotiated in 1978. Only 5 of 37 State affiliates of the American Agricultural Marketing Association (AAMA) actually negotiated in 1978. AAMA is an affiliate of the American Farm Bureau Federation.

Data on operations of National Farmers Organization (NFO) were not available. This organization had bargaining programs for several commodities including grain,

slaughter hogs, feeder cattle, cull dairy cows, sunflower, cotton, lambs, and potatoes. These programs involved members in all States and active programs in 25 States. The policy of this organization was not to disclose any information on membership, quantity, or value of products bargained.

Information on sugarbeet associations was obtained from the American Sugarbeet Growers Association, a trade association representing nine regional associations. So, the four sugarbeet associations indicated as negotiating include the American Sugarbeet Growers Association with nine cooperative members plus three nonaffiliated associations.

Sugarbeet associations are somewhat limited in bargaining for price by the world price of sugar and competitive sweetners such as cane sugar and corn sweetners. However, sugarbeet associations have latitude to bargain with processors over terms of trade in such activities as furnishing seed; providing receiving facilities for beets; sampling, weighing, and testing beets; advising on cultural practices; harvesting; hauling; and determining payment methods.

Usually, sugarbeet bargaining associations are involved in participation contracts with processors. These contracts may vary from one organization to another. However, growers' final payments for sugarbeets usually depend on net selling price the processor receives for all sugar sold during the sales year and on sugar content of growers' beets. With this type of contract, nonprice factors can have an important impact on growers' returns.

Table 1—Status of bargaining associations, by type, 1978

Type of association	Not negotiating in 1978	Negotiating in 1978	Total
<i>Number</i>			
Fruit.....	2	10	12
Vegetable.....	6	10	16
Potato.....	0	5	5
Sugarbeet.....	1	4	5
AAMA.....	32	5	37
Total.....	41	34	75

Geographical Location

Most negotiating associations were on the Pacific Coast, where production for processing is greatest. Three-quarters of the associations on the Pacific coast negotiated compared with only about one-third of the associations in the Central States and States east of the Mississippi River (figure 1 and table 2).

Bargaining associations on the Pacific coast have been in existence and active for many years, while associations in the Central and Mountain States and States east of the Mississippi River have been in existence for a much shorter period.

Membership, Quantity, and Value of Products

The 34 associations negotiated for some 27,000 members producing some 28 million tons of products having a value of \$1.3 billion in 1978. (table 3).

Due to the large volume of potatoes processed and the specialized nature of potato bargaining associations, they were considered separately from other vegetable bargaining associations.

The five AAMA associations negotiating in 1978 were classified as either fruit or vegetable associations, depending on the preponderance of these products produced by members.

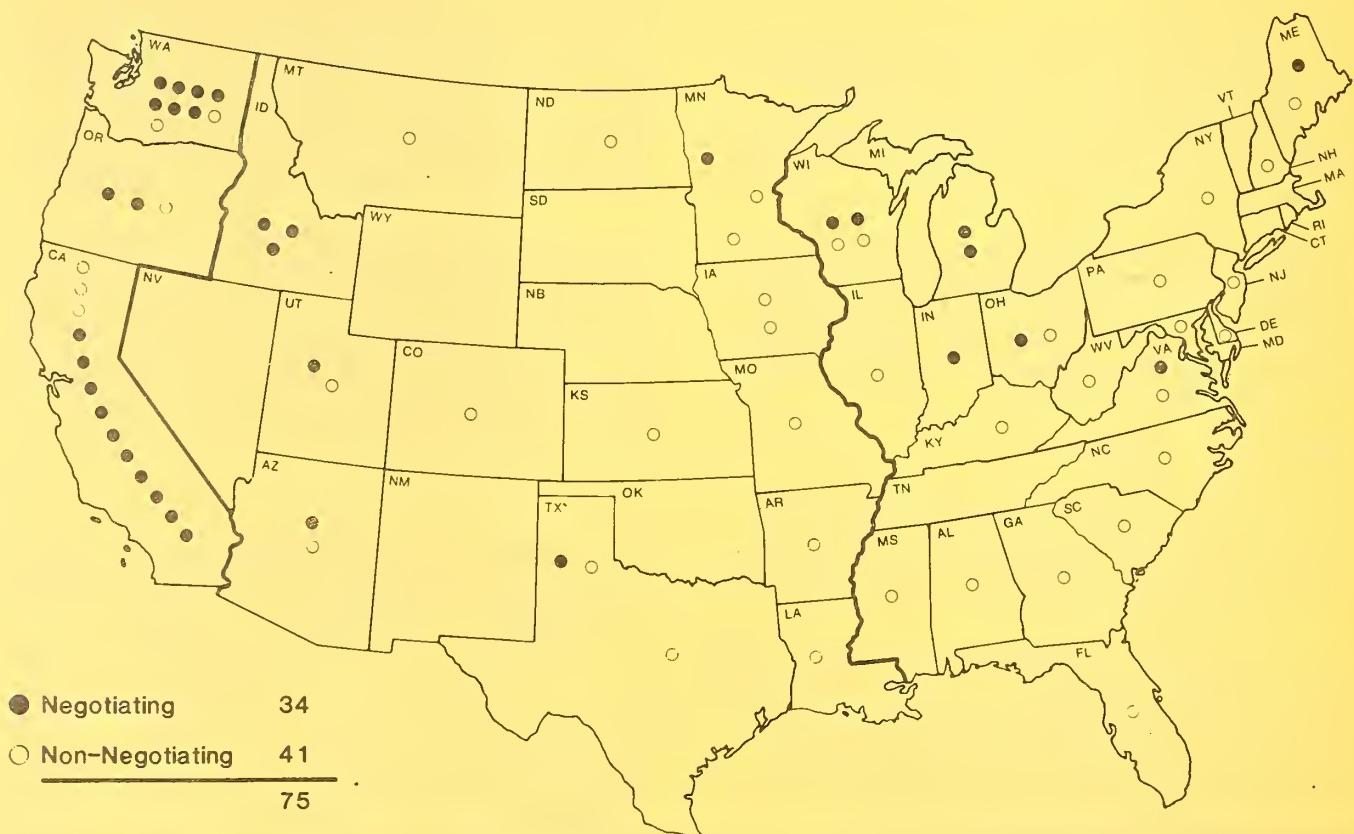
Figure 1

Location of All Associations Contacted by Geographic Regions, 75 Associations, 1978

Pacific Coast States
(25)

Central & Mountain States
(22)

States East of Mississippi River
(28)



In terms of membership, sugarbeets ranked first; fruits, second; vegetables, third; and potatoes, fourth.

Products involved in order of physical volume were sugarbeets, first; vegetables, second; potatoes, third; and fruits, fourth.

The rank in order of dollar volume was sugarbeets, first; vegetables, second; fruits, third; and potatoes, fourth.

Share of U.S. Processed Products Negotiated in 1978

Eleven individual fruit products and one nut product were the object of negotiations by bargaining associations in 1978 (table 4).

The share of U.S. processed tonnage affected by negotiations varied from 62 percent for apricots to under .5 percent

for grapes. The sale of 65 percent of U.S. tonnage of filberts was negotiated by bargaining associations.

Seventeen vegetable products and sugarbeets were the object of negotiations by bargaining associations in 1978 (table 5).

The share of U.S. tonnage negotiated varied from 61 percent for tomatoes to under 0.5 percent for popcorn. Seventy-two percent of U.S. tonnage of sugarbeets was the object of negotiation.

Non-negotiating Processors

Fifteen of 34 negotiating associations reported 32 processors in their areas with which, for various reasons, they did not negotiate in 1978 (table 6). In the majority of cases, processors were very small and could handle only a limited volume. Also, some processors grew their own volume, and others refused to bargain with the associations involved.

Table 2—Number of associations contacted by geographic regions, 1978

Geographic regions	Non-Negotiating	All negotiating associations	Number
States east of Mississippi River.....	8	20	28
Central and Mountain States.....	7	15	22
Pacific Coast States.....	19	6	25
All contiguous States.....	34	41	75

Table 4—Share of fruit and nut products involved in negotiations by bargaining associations, 1978

Products	Associations negotiating	Share of U. S. production	
		Tonnage	Dollar value
Apricots.....	1	62	61
Peaches-clingstone.....	1	59	51
Prunes.....	1	45	49
Tart cherries.....	2	44	45
Pears-Canning.....	2	41	37
Raisins.....	1	34	54
Peaches-freestone.....	1	33	23
Red raspberries.....	2	15	14
Plums.....	1	12	11
Apples.....	1	12	8
Grapes.....	2	(¹)	(¹)
Filberts.....	1	65	80

¹Under .5 percent.

Table 3—Membership, quantity, and value of products negotiated for by type of association, 1978

Type of association	Associations	Membership	Quantity	Value		
				Number	1,000 tons	Million dollars
Fruit.....	11	7,968	1,032.9			300.0
Vegetable.....	14	3,881	4,799.8			331.1
Potato	5	3,874	3,595.1			227.7
Sugarbeet.....	4	11,625	18,764.0			487.6
Total	34	27,348	28,191.8			1,346.4

Table 5—Share of vegetable products and sugarbeets involved in negotiations by bargaining associations, 1978

Products	Share of U.S. production		
	Associations negotiating	Tonnage	Dollar value
	Number	Percent	
Tomatoes.....	3	61	51
Potatoes.....	7	60	60
Corn, snack.....	1	60	60
Asparagus.....	3	55	58
Garlic.....	1	30	30
Celery.....	1	29	15
Chili peppers.....	1	28	28
Carrots.....	3	27	27
Peas, green.....	4	21	20
Sweet corn.....	6	18	17
Cabbage (for kraut).....	4	14	15
Cauliflower.....	2	13	14
Broccoli.....	1	10	11
Beans, snap.....	2	8	8
Beans, green lima.....	3	5	5
Cucumbers for pickles.....	2	3	4
Popcorn.....	1	(¹)	(¹)
Sugarbeets.....	4	72	73

¹Under .5 percent.

Table 6—Processors or handlers not negotiating by type of association, 1978

Type of association	Associations reporting processors not negotiating	Processors not negotiating
	Number	
Fruit.....	5	12
Vegetable.....	6	13
Potato.....	4	7
Sugarbeet.....	0	0
Total.....	15	32

Effects of Processing Cooperatives on Association Bargaining Strategies

Sixteen of 34 associations negotiating in 1978 had processing cooperatives in the area that process the same product for which the associations bargained (table 7). Twelve of the 16 associations had members who were also members of the processing cooperatives. However, only 3 of the 16 associations indicated the presence of processing cooperatives in their respective areas had any effect on their bargaining strategies.

In 13 cases where bargaining strategies were not affected by the presence of processing cooperatives, there was no bargaining with the processing cooperative except in one instance. In that instance, the bargaining association bargained with the cooperative processor in the same manner in which it bargained with other processors in the area. The bargaining association represented producers who were not members of the processing association.

In about one-half the cases, the bargaining association had 22 to 77 percent of its membership in a processing cooperative. Processing cooperatives had various means of establishing product prices. They tended to pay about the same raw product price as noncooperative processors in the industry.

In two instances, producers could not be members of both bargaining and processing associations.

In two of three cases where bargaining strategies were affected, there was the clear implication they were affected adversely. It seems noncooperative processors looked on the agreement between the cooperative processor and its members as being the contract for the industry. In the other case, the bargaining association refused to discuss the issue of whether the presence of a processing cooperative affected its bargaining strategies, because it was very sensitive.

Price and Other Terms of Trade

Thirteen of 34 bargaining associations considered the highest possible price most important in the bargaining process (table 8). Eleven associations considered the best terms of trade as most important. Terms of trade include such nonprice factors as grades and standards, time and conditions of payment, hauling allowances, furnishing of containers by processors, bypassed acreage, and many other items.

Six of the associations indicated a reasonable price that would move the crop was most important. Four associations indicated both the highest possible price and best terms of trade were most important.

Table 7—Effects of processing cooperatives on bargaining strategies, by type of association, 1978

Type of Association	Associations having processing co-ops in area	Associations having members of processing co-ops	Does processing co-op affect bargaining strategies?		All associations
			Yes	No	
<i>Number</i>					
Fruit.....	9	6	1	8	11
Vegetable.....	5	5	2	3	14
Potato	1	1	0	1	5
Sugarbeet.....	1	0	0	1	4
Total	16	12	3	13	34

Table 8—Items considered most important in the negotiation process by type of association, 1978

Items considered most important	Type of association				
	Fruit	Vegetable	Potato	Sugarbeet	All assns.
<i>Number</i>					
1. Highest possible price.....	8	5	0	0	13
2. Best terms of trade	0	5	2	4	11
3. Both 1 and 2 above	0	1	3	0	4
4. Reasonable price that will move the crop.....	3	3	0	0	6
Total.....	11	14	5	4	34

Almost three-quarters of the fruit associations considered highest possible price most important in the negotiating process.

About one-third of the vegetable associations thought highest possible price was most important, while another third thought best terms of trade were most important.

Three of five potato associations indicated both highest possible price and best terms of trade were equally important.

All sugarbeet associations indicated best terms of trade were more important in the negotiating process.

Procedures Before Negotiations

In 22 of 34 associations, boards of directors were responsible for deciding issues to be negotiated (table 9). The membership decided issues to be negotiated in 10 associations. A committee made the decision in the remaining two associations.

Board of Directors. Boards of directors made decisions on issues to be negotiated in all 4 sugar beet associations, 4 of 5 potato associations, 9 of 11 fruit associations, but only 5 of 14 vegetable associations.

The most frequent procedure followed was for the board to meet and consider all relevant economic factors affecting the industry, including carryover, competitive products, and general economic conditions. The board usually seeks out membership views on issues. Usually, this has been done through membership meetings at local or district levels. In one instance, questionnaires were passed out at a membership meeting to get views of the membership on important issues to be negotiated.

BARGAINING PROCEDURES

The 34 bargaining associations that successfully negotiated contracts in 1978 were asked to briefly describe procedures followed before and during negotiations. Responses to these questions indicate some marked differences among associations in how they prepared for and conducted negotiations.

Membership. The membership decided on issues to be negotiated in 9 of 14 vegetable associations and 1 of 11 fruit associations. At most meetings relevant economic data were discussed, including costs of inputs to growers. After discussions, the membership decided on central issues to be negotiated.

Committee. In one fruit and one potato association, a committee examined relevant economic data and decided on issues to be negotiated. This was about the same process followed by the board of directors and membership in determining central issues to be negotiated.

Procedures During Negotiations

Producer committees negotiated with processors for 20 of the 34 bargaining associations (table 10). The cooperative manager negotiated for seven associations, the board of directors for six, and one association hired a special negotiator.

Producer Committee. Producer committees were selected by all 5 potato associations, 2 of 4 sugarbeet associations, 9 of 14 vegetable associations and 4 of 11 fruit associations.

If the producer committee negotiated a contract within parameters set forth by directors, the membership, or a sales committee, a contract usually resulted. If the producer committee could not reach a settlement with the processor within these parameters, it would go back to the members

for further instructions. The committee may go back as many as two or three times before a contract is consummated. Usually, membership is kept informed of progress of negotiations through association newsletters or other means.

Cooperative Manager. Managers were designated as negotiating parties by six fruit associations and one vegetable association. Parameters within which they must negotiate were usually set by a packer sales committee, marketing committee, or board of directors. If the agreement were negotiated within these parameters, a contract would result. If managers failed to get an agreement within parameters given, they had to go back to the members for further instructions in a manner similar to that followed by the producer committee.

Board of Directors. The board of directors negotiated for three vegetable, two sugar-beet, and one fruit association. Directors entering into negotiations usually had grassroots membership feeling on essential issues. If negotiations resulted in an agreement within latitudes set by the membership, a contract would result. If processors rejected terms set forth by directors or made a counterproposal, directors would go back to the membership for approval or further instructions.

Hired Negotiator. A hired negotiator for one vegetable association would meet with each processor to negotiate a contract within parameters set forth by the membership. If unsuccessful, the negotiator went back to the board of directors for guidance.

Table 9—Decisionmakers on issues to be negotiated by bargaining associations, 1978

Decision made at meetings of:	Fruit	Vegetable	Potato	Sugarbeet	All associations
<i>Number of associations</i>					
Board of directors	9	5	4	4	22
Membership.....	1	9	0	0	10
Committee	1	0	1	0	2
Total.....	11	14	5	4	34

Table 10—Negotiating parties designated by bargaining cooperatives, 1978

Negotiating parties	Fruit	Vegetable	Potato	Sugarbeet	All associations
<i>Number of associations</i>					
Producer committee	4	9	5	2	20
Co-op manager	6	1	0	0	7
Board of directors	1	3	0	2	6
Hired negotiator.....	0	1	0	0	1
Total.....	11	14	5	4	34

TRENDS IN BARGAINING ASSOCIATIONS

To show trends in number and activities of bargaining associations, data from earlier studies were compared where possible.

Number of Associations

The total number of fruit and vegetable bargaining associations increased from 17 in 1954 to 71 in 1978, or by about 4 times (table 11). The number of associations negotiating, however, increased from 9 in 1954 to 30 in 1978, or more than three times.

Geographic Regions. The most dramatic increase in associations occurred in the Central States. Only 3 associations existed in 1954 compared with 25 in 1978, an increase of more than eight times. Negotiating cooperatives in the Central States increased from two in 1954 to seven in 1978, more than three times.

Associations in the Mountain States increased from one in 1954 to eight in 1978. Negotiating associations in this region increased four times during the same period.

On the Pacific coast where bargaining is most important, associations increased from 10 in 1954 to 24 in 1978, or about 2 1/2 times. The number of negotiating associations increased from 4 to 18, or 4 1/2 times.

Commodities Negotiated. Some associations negotiated for only one fruit or vegetable product, while others negotiated for more than one fruit or vegetable product. Therefore, the total number of associations negotiating for specified fruit and vegetable products may exceed the number of negotiating associations for any given time period.

Three associations negotiated for 3 fruit crops in 1954, compared with 16 associations negotiating for 10 fruit and nut crops in 1978 (appendix table 1). Some associations negotiated for more than one crop. The number of fruit associations negotiating increased from 3 in 1954 to 24 in 1964 and dropped to 16 for both 1971 and 1978. Seven associations negotiated for apples in 1964; however, by 1978, only one association negotiated for this crop. During the same period, the number of associations negotiating for berries decreased from five to two.

Fourteen associations negotiated for 7 vegetable products in 1954, compared with 48 associations negotiating for 17 vegetable products and sugarbeets in 1978 (appendix table 2). Some associations negotiated for more than one product.

Membership and Value of Products Negotiated

Membership in U.S. fruit and vegetable bargaining associations declined 6 percent from 1954 to 1978; however, value of products negotiated increased more than 24 times (table 12).

Membership in the Central States declined one-fourth from 1954 to 1978; however, value of products negotiated increased more than 70 times.

Membership in the Mountain States declined by one-half from 1954 to 1978, but value of products negotiated increased more than 43 times.

On the Pacific coast, where membership and value of products were greatest, membership almost doubled from 1954 to 1978, and value of products negotiated increased about 21 times.

Methods of Financing Operations

Bargaining associations receive revenues from checkoffs, service charges to processors, annual dues, and membership fees. Some associations receive revenues from more than one source.

Under the checkoff system, the processor withholds deductions from members' payment checks and forwards accumulated deductions to the association. The member has agreed to this in advance, and the amount of checkoff may be either on a value per-unit basis or a percentage-of-value basis.

The service charge to processors is paid directly to the association by the processor. It is not considered part of the purchase price for the product. Rationale for the service charge is that the association has relieved the processor from trouble, labor, and uncertainty of soliciting contracts from individual growers, thus reducing its procurement cost. Service charges can be based either on a value per-unit basis or a percentage-of-value basis.

Annual dues are another method of providing operating funds. They may be based on a per-acre or per-ton basis.

Membership fees may be collected by the association when a member joins. This is usually a one-time fee and is not looked on as a major source of operating funds.

Over the period 1957-1978, the checkoff was used by more associations as a source of revenue than other methods. About three of five fruit associations used the checkoff, as did most vegetable associations and all sugarbeet associa-

Table 11—Total number of fruit and vegetable¹ bargaining cooperatives and number negotiating by geographic regions, selected years

Geographic regions	Organized cooperatives					Negotiating cooperatives				
	1954	1957	1964	1971	1978	1954	1957	1964	1971	1978
<i>Number of associations</i>										
New England.....	0	0	0	3	3	0	0	0	0	1
Middle Atlantic.....	3	4	6	4	3	2	2	3	4	0
South Atlantic.....	0	2	6	7	8	0	1	2	0	0
Central States.....	3	7	18	17	25	2	4	6	7	7
Mountain States.....	1	1	11	9	8	1	1	3	3	4
Pacific Coast.....	10	16	24	19	24	4	8	15	15	18
Total.....	17	30	65	59	71	9	16	29	29	30

¹Includes potato associations.

Table 12—Membership and farm product value by geographic regions; negotiating fruit and vegetable¹ cooperatives, selected years

Geographic regions	Total membership			Farm value of products		
	1954	1964	1978	1954	1964	1978
<i>Number</i>						
New England.....	0	0	726	0	0	13,868
Middle Atlantic.....	1,702	1,736	0	1,960	12,272	0
South Atlantic.....	0	570	0	0	5,000	0
Central States.....	5,419	4,717	4,115	2,355	18,041	165,731
Mountain States.....	5,000	2,375	2,500	1,900	7,094	82,115
Pacific Coast.....	4,524	6,961	8,382	29,064	77,471	597,086
Total.....	16,645	16,359	15,723	35,279	119,878	858,800

¹Includes potato associations.

Table 13—Basis of financing by type of bargaining association, 1957 and 1978

Type of association	Checkoff		Service charge		Annual dues	Membership fees
	Value per unit	Percentage of value	Value per unit	Percentage of value		
<i>Number of associations¹</i>						
Fruit:						
1957	1	6	5	0	2	1
1978	3	5	5	1	0	2
Vegetable: ²						
1957	1	5	0	0	2	4
1978	6	14	0	1	0	5
Sugarbeet:						
1957	NA	NA	NA	NA	NA	NA
1978	4	0	0	0	0	1

NA = Not available.

¹Total number of associations using various bases of financing may exceed total number of associations negotiating, because some associations used more than one basis.

²Includes potato associations.

tions (table 13). About two of five fruit associations used the service charge over the 1957-78 period.

Fruit associations based their checkoff on percentage of value in most instances in 1957 and 1978, while service charge was based mostly on a per-unit value. Most vegetable associations based their checkoff on percentage of value during the 1957-78 period. Vegetable associations tended to collect membership fees to a greater extent than fruit associations.

The average checkoff was \$1.44 per ton for fruit associations in 1978, compared with about \$0.13 per ton for vegetable associations (appendix table 3). For fruit associations using a percentage of value for the checkoff, the average was 1.3 percent compared with 0.8 percent for vegetable associations.

Negotiating Parties

Fifteen of 34 negotiating associations designated a producer committee as the negotiating party in 1971. This compares with 20 of 34 negotiating associations in 1978 (table 14). The association manager negotiated for 13 associations in 1971 compared with 7 associations in 1978. In both 1971 and 1978, the board of directors negotiated for six associations. One association used a hired negotiator in 1978, but none was used in 1971.

The increase in number of negotiating associations using producer committees was reflected in vegetable associations, which increased from 7 to 14 during the 1971-78 period.

The decline in number of negotiating associations using the cooperative manager from 1971 to 1978 can be attributed mostly to vegetable associations whose number dropped from seven to one.

Although the board of directors was used as the negotiating party by the same number of associations in 1971 and 1978, number of fruit associations declined from three to one, while vegetable associations increased from one to three.

Other Activities

Bargaining associations were engaged in activities other than negotiating for price and terms of trade. Most of these activities involved keeping growers informed about their particular industries and representing their interests.

Rankings of these activities during 1957, 1971, and 1978 indicate that their importance changed somewhat from one period to another. Probably over the entire period, information collection and dissemination ranked first; publishing a newsletter, second; and providing funds for research, third (table 15).

Table 14—Negotiating parties designated by bargaining cooperatives, 1971 and 1978

Negotiating parties	Fruit	Vegetable ¹	Sugarbeet	Total
<i>Number of associations</i>				
Producer committee:				
1971.....	5	7	3	15
1978.....	4	14	2	20
Co-op manager:				
1971.....	6	7	0	13
1978.....	6	1	0	7
Board of directors:				
1971.....	3	1	2	6
1978.....	1	3	2	6
Hired negotiator:				
1971.....	0	0	0	0
1978.....	0	1	0	1
All parties:				
1971.....	14	15	5	34
1978.....	11	19	4	34

¹Includes potato associations.

Table 15—Other activities of bargaining associations in order of rank, selected years

Other activities	1957	1971	1978	Rank
Collecting and disseminating information	1	1	2	
Publishing newsletter.....	2	5	1	
Providing funds for research	3	4	3	
Checking processors' financial responsibility.....	4	(1)	(1)	
Check grading and inspecting raw product	5	3	5	
Legislative representation of growers	6	2	4	
Public relations	(1)	6	(1)	
Intervening in disputes between growers and processors	(1)	(1)	6	

¹Item did not rank in the first six activities for the particular time period involved.

Appendix table 1—Fruit and specialty products negotiated for by bargaining cooperatives, selected years

Products	1954	1957	1964	1971	1978
<i>Number of associations</i>					
Fruit:					
Apples.....	0	0	7	2	1
Berries.....	0	1	5	3	2
Grapes	0	0	3	3	3
Pears	1	3	3	2	2
Peaches	1	3	2	2	2
Cherries	0	0	1	2	2
Prunes.....	0	0	1	1	1
Apricots	0	0	1	0	1
Figs.....	1	1	1	0	0
Plums.....	0	0	0	1	1
Specialty:					
Nuts	0	0	0	0	1
Total products	3	4	9	8	10
Total assns. ¹	3	8	24	16	16

¹Total number of associations negotiating for specified products may exceed total number of negotiating associations for a given time period because some associations negotiated for more than one product.

Appendix table 2—Vegetable and specialty products negotiated for by bargaining associations, selected years

Products	1954	1957	1964	1971	1978
<i>Number of associations</i>					
Vegetables:					
Beans	1	1	7	5	5
Peas.....	4	5	5	5	4
Tomatoes.....	3	6	7	5	3
Sweet corn	3	3	1	5	6
Potatoes	0	0	3	4	7
Asparagus.....	1	1	4	4	3
Cabbage	1	0	0	3	4
Cucumbers	0	0	3	2	1
Carrots.....	0	0	0	1	3
Popcorn.....	0	0	0	3	1
Broccoli.....	0	0	2	0	1
Cauliflower	0	0	0	1	2
Beets	1	0	0	1	0
Celery	0	0	1	0	1
Horseradish	0	0	1	1	0
Peppers	0	0	0	1	1
Corn, snack	0	0	0	0	1
Garlic	0	0	0	0	1
Pumpkin	0	0	0	1	0
Spinach	0	0	0	1	0
Squash	0	0	0	1	0
Sweet potatoes....	0	1	0	0	0
Specialty:					
Sugarbeets	NA	NA	NA	5	4
Total products....	7	6	10	18	17
Total associations ¹	14	17	34	49	48

NA = Not available

¹The total number of associations negotiating for specified products may exceed the total number of negotiating associations for a given time period, because some associations negotiated for more than one product.

Appendix table 3—Methods and basis of financing used by type of bargaining association, 34 associations, 1978

Method and basis	Unit	Type of association				All associations ¹
		Fruit	Vegetable	Potato	Sugarbeet	
Checkoff:						
Value per unit						
Associations	Number	3	3	3	4	13
Range.....	Dollars/Ton	1.00-10.00	0.10-1.00	0.12-0.40	0.06-0.08	0.06-10.00
Average.....	Dollars/Ton	1.44	0.13	0.29	0.07	0.10
Percent of value						
Associations	Number	5	12	2	0	19
Range.....	Percent	1.5-2.0	0.2-3.0	0.4-0.5	0	0.2-3.0
Average.....	Percent	1.3	0.8	0.5	0	1.0
Service charge:						
Value per unit						
Associations	Number	5	0	0	0	5
Range.....	Dollars/Ton	1.00-6.00	0	0	0	1.00-6.00
Average.....	Dollars/Ton	1.92	0	0	0	1.92
Percent of value						
Associations	Number	1	1	0	0	2
Range.....	Percent	1.3	1.0	0	0	1.0-1.3
Average.....	Percent	1.3	1.0	0	0	1.2
Membership fee:						
Associations	Number	2	5	0	1	8
Range.....	Dollars	/5.00-50.00	1.00-25.00	0	50.00	15.00-50.00
Average.....	Dollars	15.30	8.32	0	50.00	13.75

¹The number of associations using the various methods of financing may exceed the number of associations negotiating because some associations used more than one method.

**U.S. Department of Agriculture
Agricultural Cooperative Service**

Agricultural Cooperative Service provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The agency (1) helps farmers and other rural residents obtain supplies and services at lower costs and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

The agency publishes research and educational materials, and issues *Farmer Cooperatives*. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.